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Tarchon Capital Management Successfully Implements FinAnalytica's CognityFoF Risk System.

London and New York, June 10 - FinAnalytica Inc., leading provider of "post-modern" portfolio construction and risk management analytics, today announced that London based Tarchon Capital Management, a \$2.7 billion fund of hedge funds serving institutional investors, has selected and implemented FinAnalytica's flagship CognityFoF as its core risk management and portfolio construction system. CognityFoF is being used at Tarchon to support manager screening and selection, factor analysis, portfolio level risk decomposition, dynamic backtesting, downside risk optimization, stress testing and crisis simulation.

Yannis Vasatis, Partner and Head of Risk & Quantitative Research commented, "We strongly believe that advanced quantitative techniques can add value to our structured investment process. CognityFoF is the only risk platform that offers the openness and flexibility to rigorously test and control every analytic calculation. This complete analytic transparency allows us to confidently interpret and present the resulting analysis."

Cognity is the only solution to comprehensively combine fat-tailed and skewed asset return distributions with maximally informative downside risk measures throughout the entire investment process. "With Cognity, we can actively manage our extreme downside risk. We've been delighted by the system's flexibility, ease of implementation, comprehensive system documentation and high quality technical support," added Vasatis.

FinAnalytica's CEO, R. Douglas Martin, commented, "We are delighted that such an outstanding team of quantitative risk professionals have selected Cognity as their first choice in risk management and portfolio construction. FinAnalytica strongly believes that a glass box approach to post-modern risk management and portfolio construction, providing full transparency of all of our analytic portfolio methods, is the only way to serve our client's needs. Openness and transparency are at the core of our corporate ethos and it is great to see the market validating our approach so conclusively."

About Tarchon

Tarchon Capital Management was founded in 1998 and manages approximately \$2.7 billion in fund of hedge funds for institutional investors.



About FinAnalytica

FinAnalytica is a leading provider of "glass box" portfolio and risk management solutions for quantitative analysts and portfolio managers. FinAnalytica's Cognito software suite incorporates the latest and most transparent advances in analytics, including comprehensive treatment of real world fat-tailed and skewed asset returns. FinAnalytica clients include leading fund of funds, hedge funds and asset management firms. Further information on FinAnalytica is found at www.finanalytica.com.

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